

COST REPORT EXAMPLE

TARGETED CASE MANAGEMENT (TCM)

The attached Cost Report example is based on a small Unit within a jurisdiction (County ABC) that provided Targeted Case Management (TCM) services. The Cost Report is for the fiscal period July 1, 1996 through June 30, 1997, and will be used to establish the TCM encounter rate for the fiscal year of July 1, 1997 through June 30, 1998. The Cost Report consists of the following documents:

1. WORKSHEET A
2. WORKSHEET B
3. WORKSHEET C
4. WORKSHEET D
5. SCHEDULE 1.0
6. SCHEDULE 1.1
7. SCHEDULE 1.2
8. **Signed Certification Statement.**
9. Any supporting documentation, including the applicable General Ledger and Working Trial Balance pages.

The Cost Report documents have been amended to identify: (1) where the numbers were obtained; (2) how the figures were calculated; and, (3) what WORKSHEET or SCHEDULE the figures are recorded, including the applicable "Chart" or "Column." These steps have been briefly summarized below:

WORKSHEET A

Salaries and Employee Benefits -- Column 1.

Column 1 figures were obtained from the General Ledger and should also match the "Totals" on SCHEDULE 1.0, Chart 1.

All Other Costs (Operating & Contractor) -- Column 2.

Column 2 figures were obtained from the General Ledger. Operating expenses, for Lines 1, 5, and 6, are allocated based on the proportional cost of salary and benefits per employee. Per the attached SCHEDULE 1.0, Chart 2, the annual operating expense for this Unit are allocated per employee.

The figures for Column 2 are contained on the Operating Expense Analysis By Employee and Contractor Costs, on SCHEDULE 1.0, Chart 2 and 3, respectively. (Note: The Non-TCM Contractor Costs on Column 2, Line 5, of WORKSHEET A, also include the \$200,000 figure for Non-TCM Direct Services Contract Costs, contained on SCHEDULE

1.0, Chart 2.

Worksheet C (Reclassification of Non-TCM Survey Cost) -- Column 4.

Refer to WORKSHEET C instructions below.

Worksheet D -- Adjustment Increase (Decrease) -- Column 6.

Refer to WORKSHEET D instructions below.

Encounters.

“TCM encounters” and “Billable Rate Per TCM Encounter”, are contained on WORKSHEET A, as follows:

Line 14 -- 10,000 total TCM encounters for the prior fiscal period.

Line 21 -- 5,000 projected Medi-Cal encounters for the current fiscal period.

Line 20 -- The billable rate, per TCM encounter, for the current fiscal period of July 1, 1997 through June 30, 1998, is \$53.04.

Line 22 -- For the current fiscal year, the maximum Medi-Cal reimbursement is equal to \$265,224, or the 5,000 projected Medi-Cal TCM encounters times the billable rate per TCM encounter of \$53.04. The actual amount that the LGA will receive is the maximum reimbursement times the prevailing Federal Medical Assistance Percentage (FMAP).

WORKSHEET B

TCM Revenue Adjustments.

This Unit is providing TCM services and is partially funded by four (4) different revenue sources. The revenue source figures are obtained from the General Ledger.

The revenue sources are listed on WORKSHEET B, Column 1, and the amounts assigned to TCM services, are listed on WORKSHEET B, Columns 2. The “Total Adjustments” figure of \$200,000 for TCM services, from Column 2, is then transferred to WORKSHEET A, Line 18. The LGA must submit the methodology (such as, time-survey percentages) used to assign revenues to TCM for WORKSHEET B.

WORKSHEET C

Reclassification of Non-TCM figures were obtained from “The Summary Chart” on SCHEDULE 1.2, Column 8. All of the figures are transferred to WORKSHEET A, Column 4. The figures on SCHEDULE 1.2 are calculated using SCHEDULE 1.1 and Charts 1, 2, 3, and 4.

Known Cost Increases for this Unit are \$21,000, which is transferred to WORKSHEET A, Line 17, and which are scheduled for the fiscal period of July 1, 1997 through June 30, 1998. This is due to contracted salary increases of 10% for the four (4) employees who showed that they were performing TCM, according to the TCM percentages on the Time Survey. A cost of living adjustment (COLA) that is part of an employee collective bargaining contract is considered a known cost increase. To claim a known cost increase, the LGA must submit supporting documentation with their Cost Report. To calculate a COLA, for purposes of this Cost Report, please do the following:

Multiply the salaries times the COLA times the corresponding TCM %:

B = \$65,000 x 10% @ 60% performing TCM = \$3,900

C = \$75,000 x 10% @ 30% performing TCM = \$2,250

D = \$85,000 x 10% @ 90% performing TCM = \$7,650

E = \$80,000 x 10% @ 90% performing TCM = \$7,200

TOTAL KNOWN COST INCREASES \$21,000

WORKSHEET D

Adjustments to Expenses.

The adjustments to expenses for this Unit are based on a time-survey conducted by a contractor retained to develop a TCM information system. This contractor does not provide direct TCM case management services. An amount of \$30,000 of this contractor's cost was determined to be non-TCM related.

Note: WORKSHEET D is reserved for a "one-time only" system costs related to TCM for the current fiscal year; and the adjustment for the "specific" and "non-specific" contract costs.

The "Total" figures on the bottom of WORKSHEET D are inserted on SCHEDULE 1.2, Column 10; and on WORKSHEET A, Columns 6, Lines 2 and 5.

SCHEDULE 1.0

Salary and Benefit Analysis By Employee. -- Chart 1

Chart 1 lists the total of each employee's salary and benefit costs, which have been obtained from the General Ledger. The attached Cost Report example has ten (10) employees. Only four (4) of the employees have shown that they are providing TCM services, according to their time survey. Each employee in the Unit receives a different

annual salary plus an annual benefit package worth \$15,000.

The “Totals” on SCHEDULE 1.0, Chart 1, should match the figures on WORKSHEET A, Column 1. The following table identifies each employee’s job classification for this Unit and whether the employee is qualified to provide TCM services.

<u>Name</u>	<u>Job Classification</u>	<u>Benefits</u>	<u>Salary</u>	<u>TCM Qualified</u>
A	Direct Services Nurse	\$15,000	\$35,000	No
B	*TCM Case Manager	\$15,000	\$50,000	Yes
C	*TCM Case Manager	\$15,000	\$60,000	Yes
D	*TCM Case Manager	\$15,000	\$70,000	Yes
E	*TCM Case Manager	\$15,000	\$65,000	Yes
F	Direct Services Nurse	\$15,000	\$53,000	No
G	Direct Services Nurse	\$15,000	\$59,000	No
H	Direct Services Nurse	\$15,000	\$55,000	No
I	General Office Manager	\$15,000	\$47,000	No
J	General Office Manager	\$15,000	\$39,000	No
TOTALS		10	\$150,000 + \$533,000	4

(* TCM Case Manager does encompass many job classifications, such as Public Health Nurse, Registered Nurse, Deputy Public Guardian, or whoever meets the case manager’s qualifications as set forth in the California Code of Regulations, Title 22, Section 51271.)

Operating Expense Analysis By Employee. -- Chart 2

Chart 2 contains the operating expenses, which have been obtained from the General Ledger. The annual operating expenses for this Unit, per employee, ranges between \$25,000 and \$45,000.

The “Total” figures of \$142,000, \$157,000, and \$57,000 should match the figures on WORKSHEET A, Column 2. (Note that on Column 2, Line 5, the \$157,000 is combined with the \$200,000 Non-TCM Contract Costs and equals \$357,000.)

Contractor Costs. -- Chart 3

Chart 3 contains the TCM contract costs (Non-Specific and Specific) and the Non-TCM Direct Services Contract Costs. These figures were obtained from the General Ledger.

The “TCM non-specific” and “TCM Specific” contract costs are contained on WORKSHEET A, Column 2, Lines 2 and 3. The “non-TCM direct services” contract costs are included on WORKSHEET A, Column 2, Line 5. (Note that on Column 2, Line 5, the

\$200,000 figure is combined with the \$157,000 operating expense figure equaling \$357,000.)

Summary Analysis for WORKSHEET A. -- Chart 4

Chart 4 is a summary of the figures from the above four (4) Charts.

SCHEDULE 1.1

Salary Time-Survey (%). -- Chart 1

The percentages contained on Chart 1 were obtained from the TCM Program Time-Survey Form results. There were ten (10) employees in this Unit, and prior to the time-survey month, it was not evident who performed TCM and who did not. For illustration purposes, all ten (10) employees time-surveyed. The time-survey results indicated that only four (4) of the ten (10) employees in this Unit were performing TCM services. The results of the annual time-survey are used to identify TCM related expenditures in the TCM Cost Report.

“Salary” Allocation Based on Time-Survey Results. -- Chart 2

Chart 2 is an allocation of the salaries, by employee, based on the time-survey result percentages. The “Grand Total” figure of \$683,000 was transferred from SCHEDULE 1.0, Chart 1.

“Paid Time Off” Allocation Based on Salaries/Survey Results. -- Chart 3

Chart 3 is an allocation of the paid time off (PTO), by employee, based on the time-survey result percentages. The calculation for each applicable Column on this Chart is explained on SCHEDULE 1.1 -- **except** for each individual Unit Multiplier PTO figure, contained in Column 1. See below for the Unit Multiplier PTO calculations:

- Taking each paid time off amount (on SCHEDULE 1.1, Chart 2, Column 5); and
- Dividing it by the employee’s salary plus benefits (on SCHEDULE 1.0, Chart 1) minus the same paid time off amount as in #a above.

Such as for Employee B of this Unit: $\$3,250 / (\$65,000 - \$3,250) = .052632$

“Operating Expenses” Allocation Based on Salaries/Survey Results -- Chart 4

Chart 4 is an allocation of the operating expenses, by employee, based on the time-survey result percentages. The “Total Allocated Operating Expense” figure of \$356,000 should equal SCHEDULE 1.0, Chart 2.

The calculation for each applicable Column is explained on SCHEDULE 1.1 -- **except** for each individual Unit Multiplier Operating Costs figure, contained in Column 2. See below for the Unit Multiplier Operating Costs calculations:

- Taking the employee's operating expenses (on SCHEDULE 1.0, Chart 2).
- Dividing it by the employee's salary (on SCHEDULE 1.0, Chart 1).

Such as for Employee B of this Unit: $\$32,000 / \$65,000 = .492308$

SCHEDULE 1.2

This Schedule is a summary of the figures from SCHEDULES 1.0 & 1.1 as follows:

<u>Column 1</u>	Summary figures are from SCHEDULE 1.0, Chart 4 (Totals). These figures are also on WORKSHEET A, Column 3 (Sub-Total).
<u>Column 2</u>	Figures are from SCHEDULE 1.1, Chart 4. Column 4
<u>Column 3</u>	Figures are from SCHEDULE 1.1, Chart 4, Column 7.
<u>Column 4</u>	Figures are from SCHEDULE 1.1, Chart 4, Column 10.
<u>Column 5</u>	Figures are from SCHEDULE 1.1, Chart 4, Column 13.
<u>Column 6</u>	Figures are from SCHEDULE 1.0, Chart 4.
<u>Column 7</u>	Figures are "Totals" of Column 2 through 6.
<u>Column 8</u>	Figures are the result of " <i>Column 7" minus "Column 1"</i> . These figures are transferred to WORKSHEET A, Column 4. These figures are also transferred to the "top" of WORKSHEET C (Reclassification of Non-TCM).
<u>Column 9</u>	Figures are the result of " <i>Column 1" plus Column 8"</i> . These figures are also on WORKSHEET A, Column 5 (Sub-Total).
<u>Column 10</u>	Figures are from WORKSHEET D. These figures are transferred to WORKSHEET A, Column 6.
<u>Column 11</u>	Figures are the result of " <i>Column 9" plus "Column 10"</i> . These figures are also on WORKSHEET A, Column 7 (Net Expenses).